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**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:

SPECIALTY TRUST, INC., et al.

- ☐ Affects this Debtor
- ☒ Affects all Debtors
- ☐ Affects Specialty Acquisition Corp.
- ☐ Affects SAC II
- ☐ Affects SAC D-1, LLC

Chapter 11

Case No. 10-51432-GWZ

Jointly Administered

Chapter 11

**OBJECTION TO EQUITY  
 COMMITTEE'S APPLICATION TO  
 RETAIN FTI CONSULTING AS  
 FINANCIAL ADVISORS**

HEARING DATE: June 22, 2010  
 HEARING TIME: 11:00 am

U.S. Bank National Association, in its own capacity and as agent bank ("US Bank"), a secured creditor in the above-captioned Debtors' bankruptcy cases, respectfully submits this objection to the *Application Pursuant To Fed. R. Bankr. P. 2014(a) For Order Under Section 1103 Of The Bankruptcy Code Authorizing The Employment And Retention Of FTI Consulting, Inc. As Financial Advisors To The Official Committee Of Equity Holders Nunc Pro Tunc To June 11, 2010* (the "**Application**").

1 This Court on more than one occasion has cautioned the Debtors and interested parties  
 2 about the amount of administrative expenses being incurred in these cases. US Bank shares the  
 3 Court's concern. Administrative expenses incurred on account of professionals, like FTI  
 4 Consulting ("FTI"), must be paid, at least in part, from US Bank's cash collateral. In this regard,  
 5 this Court should deny the Official Committee of Equity Holders' (the "**Committee**") proposed  
 6 retention of FTI. The services of a separate financial advisor are needlessly duplicative of those  
 7 to be provided by the Debtors' proposed financial advisor, Imperial Capital. US Bank believes  
 8 that the Debtors have offered the Committee considerable access to Imperial Capital and invited  
 9 the Committee to participate in substantive discussions. One financial advisor should suffice for  
 10 these cases as the Debtors' and the Committee's interests are aligned. Accordingly, FTI's  
 11 services would unnecessarily add to the administrative burdens in these cases to the detriment of  
 12 US Bank, its cash collateral, and the interests of all creditors.

### 13 **OBJECTION**

#### 14 **Imperial Capital Will Be Performing The Same Tasks As FTI**

15 1. A review of the Application demonstrates that FTI would perform exactly the  
 16 same tasks for which the Debtors propose to hire Imperial Capital. FTI is expected to do the  
 17 following:

- 18 a) assist in the review of financial-related disclosures, including the
- 19 statement and schedules and the monthly operating reports;
- 20 b) assist with debtor-in-possession financing;
- 21 c) assist in the review of the Debtors' short-term cash management
- 22 procedures;
- 23 d) assist in the review of the management fee and related employee
- 24 compensation;
- 25 e) strategize the disposition of assets and operations;
- 26 f) assist in analyzing executory contracts;
- g) assist in identifying cost-saving measures;
- h) assist in the review of financial information distributed by the Debtors;
- i) attend meetings;
- j) assist with plan confirmation issues;
- k) assist with analyzing avoidance actions;
- l) perform litigation advisory services; and
- m) render such other general consulting and financial advisory services.

Application, ¶9, pages 3-4. Likewise, Imperial Capital will undertake the following duties if retained in these cases:

- a) analyze the Debtors' business operations, properties, financial condition, competition, forecast, prospects and management;
- b) perform a financial valuation of the ongoing operations of the Debtors;
- c) assist the Debtors in developing, evaluation, structuring and negotiating the terms and conditions of a potential restructuring;
- d) assist the Debtors in preparing restructuring offering materials;
- e) advise the Debtors on a proposed purchase price for a "Transaction" (which may be a merger, consolidation, or sale);
- f) advise the Debtors in developing and evaluating the conditions of a Transaction;
- g) assist the Debtors in preparing transaction offering materials;
- h) identify buyers for a Transaction and assisting with due diligence;
- i) assist the Debtors in a financing;
- j) assist the Debtors with preparing financing offering materials;
- k) identify possible purchasers for a financing;
- l) render expert testimony; and
- m) provide other financial advisory services that may be agreed on by the Debtors and Imperial Capital.

Debtors' Application To Retain Imperial Capital, ¶16, pages 6-8.

2. There are no tasks contained in the Application to retain FTI that will not, or cannot, be performed by Imperial Capital. Indeed, all of FTI's duties are captured under (a) above (analyze the Debtors' business operations, properties, financial condition, competition, forecast, prospects and management). Items (b) and (c) above also overlap with FTI's proposed services. US Bank believes that Imperial Capital is a well-respected financial consulting firm that is fully capable of providing sound financial and investment banking advice for these cases. The Committee has offered no reason why an additional consulting firm is necessary.

3. Additionally, the Debtors' and the Committee's interests are inherently aligned. The Debtors and their management want to maintain these cases for the benefit of their creditors and ultimately their equity holders. It is against this backdrop that the Debtors offered the Committee access to Imperial Capital and the Debtors' discussions with them. Under these

1 circumstances, the Committee cannot learn anything from FTI that it could not obtain from  
 2 Imperial Capital.

3 **The Court Should Scrutinize FTI's Fee Applications If They Are Retained**

4 4. If the Committee is authorized to retain FTI, this Court should review any of their  
 5 fee applications with strict scrutiny. It is highly likely that FTI and Imperial Capital will be  
 6 performing identical duties with respect to the same Debtor entities, so a heightened standard for  
 7 FTI's fee applications is especially warranted.

8 5. Indeed, FTI may already be performing unnecessary services. In the motion for  
 9 an expedited hearing on the Application, the Committee stated the following:

10 The Committee seeks a hearing on this Application, as soon as  
 11 possible, as there are urgent matters happening that require FTI's  
 12 attention, including the Deutsche Bank deposition set for June 28th  
 13 and the thousands of pages of documents to be produced in  
 14 connection with the deposition.

15 Committee's Motion For An Expedited Hearing, ¶4, page 2. It is unclear why FTI is needed to  
 16 review "thousands of pages" of discovery turned over on account of Deutsche Bank's Rule 2004  
 17 requests. US Bank understands that this discovery involves documents dated several years ago,  
 18 which likely have nothing to do with the Debtors' current financial situation. Equally mysterious  
 19 is the reason FTI would need to attend a deposition of the Debtors, let alone one noticed by  
 20 Deutsche Bank.

21 6. Furthermore, FTI's fees—like Imperial Capital's fees—should be subject to a cap.  
 22 The Application suggests that FTI can incur more than \$50,000 per month in fees (with those  
 23 amounts in excess of \$50,000 being carried over to the next month). This is an egregious  
 24 amount of money to be sucked from these estates, especially if there are two financial advisors  
 25 depleting US Bank's cash collateral and other estate assets.

26 7. The Application also suggests that FTI should be retained with a general retainer,  
 but the Committee fails to explain the amount or parameters of any retainer. *See Application,*

¶15, page 5. There is no reason for a retainer because FTI's fees are budgeted and paid under a cash collateral budget.

**CONCLUSION**

US Bank respectfully requests that the Court enter an order denying the Application. Should the Court authorize the Committee to retain FTI, US Bank respectfully requests that a heightened standard should be applied in reviewing FTI's fee applications, that the Court apply a cap to their fees, and that there be no retainer for FTI.

Dated: June 21, 2010

SQUIRE, SANDERS & DEMPSEY L.L.P.

By: /s/ Jordan A. Kroop

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**CERTIFICATE OF SERVICE**

1. On the 21st day of June, 2010, I served the following document(s):

- **OBJECTION TO EQUITY COMMITTEE'S APPLICATION TO RETAIN FTI CONSULTING AS FINANCIAL ADVISORS**

2. I served the above-named document(s) by the following means to the persons as listed below:

(Check all that apply)

☒ **xx a. ECF System**

SALLIE B ARMSTRONG on behalf of Debtor SAC D-1 LLC  
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19 ARTHUR A. ZORIO on behalf of Creditor PIERO ZORIO  
20 azorio@watsonrounds.com, kmetcalf@watsonrounds.com

21 ☐ **b. United States mail, postage fully prepaid**

22 ☐ **c. Personal Service**

23 I personally delivered the document(s) to the person(s) at these address(es):

24 ☐ For a party represented by an attorney, delivery was made by handing the document(s)  
25 to the attorney or by leaving the document(s) at the attorney's office with a clerk or other  
26 person in charge, or if no one is in charge by leaving the document(s) in a conspicuous  
place in the office.

☐ For a party, delivery was made by handing the document(s) to the party or by leaving  
the document(s) at the person's dwelling house or usual place with someone of suitable  
age and discretion residing there.

☐ **d. By direct email (as opposed to through the ECF System)**

Based upon the written agreement of the parties to accept service by email or a court order, I caused the document(s) to be sent to the persons at the email addresses listed below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

☐ **e. By Fax transmission**

Based upon the written agreement of the parties to accept service by fax transmission or a court order, I faxed the document(s) to the persons at the fax numbers listed below. No error was reported by the fax machine that I used. A copy of the record of fax transmission is attached.

☐ **f. By Messenger**

I served the document(s) by placing them in an envelope or package addressed to the persons at the addresses listed below and providing them to a messenger for service.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this 21st day of June, 2010.

By: Roxanne H. Maples

/s/ Roxanne H. Maples

Signature